



San Diego City Attorney **MICHAEL J. AGUIRRE**

NEWS RELEASE

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CITY ATTORNEY RELEASES DOCUMENTS POINTING TO OBSTRUCTION OF JUSTICE

San Diego, CA: City Attorney Michael Aguirre made public some of the emails contained in the voluminous documents that were recently produced by the San Diego City Employees Retirement System (SDCERS). City Attorney investigators are reviewing and organizing the long-withheld 60,000 pages of documents that the SDCERS' Board released only after a federal court ordered their production.

"These documents demonstrate that some SDCERS' Board members and staff and other City officials were engaged in a possible criminal conspiracy and obstruction of justice," said City Attorney Aguirre. "If, as the City Charter mandates, the City Attorney had been reinstated as chief legal advisor to the SDCERS' Board, these documents would have been released months ago."

One email, entitled "Obstruction Of Justice" and dated March 22, 2004, is from former SDCERS' trustee Diann Shipione to the SDCERS' Board, its staff, and its outside counsel, Seltzer Caplan McMahon & Vitek. In this email Shipione details her concern that the internal response to the U.S. Attorney and Securities & Exchange Commission (SEC) investigations was one designed to thwart the federal probes.

"The tone and intent of this discussion was to intimidate Staff and Trustees to prevent them from cooperating with or responding to inquiries from these investigating Governmental Agencies," wrote Shipione, referring to a March 19, 2004 closed session SDCERS' board meeting.

Also included in the release of documents is a chart setting forth the long-term effects of Manager's Proposal 2 (MP2) on the pension system. The chart, which was produced by SDCERS' actuary Rick Roeder, demonstrates conclusively that Pension Board members, their senior staff, and certain City officials have known for years that amortizing the pension deficit over three decades would not lead to a financially sound system. In fact, the chart shows that by 2021, with the City's contribution to the system at \$604.7 million, the unfunded liability would reach a whopping \$5.5 billion.

In addition the document makes clear the reason that the City Manager's recently formulated plan of recovery for the pension system included projections that go out only to 2014. After that year, as the figures show, the accruing debt grows enormously.

At today's press availability, the City Attorney also alluded to the possibility that his office could file a lawsuit against City Council Members who voted in support of MP2. However, he stated that he would not

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pursue such a lawsuit if it would in any way interfere with the investigations being conducted by the U.S. Attorney, the SEC, and the San Diego District Attorney.

Finally, the City Attorney again chastised the City Manager for not demanding itemized bills from Kroll, Inc, the City's audit committee assigned to reconcile the City Attorney's investigation results with those of the Vinson & Elkins law firm. From March 1, 2005, to September 2, 2005, taxpayers have forked over almost \$3 million to an audit committee that has yet to produce a report.

"Now that this final batch of documents has been released, I call on Kroll to complete their work by October 31, 2005," said City Attorney Aguirre.

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